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LOCAL AND PROVINCIAL GOVERNMENT ASSESSMENT

JULY 2005

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The views expressed in the following assessment are those of the authors and do not necessarily reflect the opinions or policies of the U.S. Government.

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ACRONYMS AND ABBREVIATIONS

C-LG	Commissioner of Local Government
DLG	Democratic Local Governance
DLGP	Democratic Local Governance Program
GA	Government Agent
GOSL	Government of Sri Lanka
ICMA	International City/Country Management Association
IT	Information Technology
KAP	Knowledge, Attitudes, and Practices
LLDF	Local Loans and Development Fund
LTTE	Liberation Tigers of Tamil Eelam
MDTU	Management Development Training Unit
MHAPCLG	Ministry of Home Affairs, Provincial Councils and Local Government
MP	Member of Parliament
NGO	Nongovernmental Organization
NIBM	National Institute of Business Management
OTI	Office of Transition Initiatives
PS	Pradeshiya Sabhas
RDA	Road Development Authority
RUPEONMAN	Regional Urban Environmental Policy and Management Support Project
SLFP	Sri Lankan Freedom Party

SLIDA	Sri Lanka Institute of Development Administration
SLILG	Sri Lanka Institute of Local Government
TAF	The Asia Foundation
TAFLOL	Task Force for Logistics and Law and Order
TAFREN	Task Force to Rebuild the Nation
TAFRER	Task Force for Rescue and Relief
UC	Urban Council
UDA	Urban Development Authority
UNP	United National Party
UPFA	United People's Freedom Alliance
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The objective of the Sri Lanka Democracy and Governance Assessment is to examine the policy context for decentralization and local government strengthening and provide the United States Agency for International Development (USAID) with recommendations and guidelines for expanding existing programs in this field. At present, USAID Sri Lanka is supporting the Democratic Local Government Program (DLGP), which is implemented by the Asia Foundation in partnership with 15 local authorities in four Provinces, focusing principally on capacity building; support for local government networking and associations; and improved citizen participation. The assessment looks at the opportunities for broadening DLGP's scope to include a wider range of activities and a larger number of partner local governments. One important question is whether there is scope for promoting greater involvement of local authorities in the post-tsunami recovery and rebuilding policies and programs.

METHODOLOGY

The Assessment Team visited Sri Lanka in May-June, 2005 and met with a wide range of elected and non-elected officials from Pradeshiya Sabhas, Municipal Councils and Provincial Councils; national political party leaders; national government officials from line ministries and specialized agencies; researchers and political analysts; USAID/Sri Lanka Mission staff; representatives from donor agencies and Sri Lankan and international nongovernmental organizations (NGOs) involved in post-tsunami recovery programs.

OVERVIEW

On the basis of our rapid assessment of 12 local governments and three Provinces, it is clear that DLG has focused its activities on some of the most critical deficiencies of local governments in administration, finance and service delivery. There is a felt need for training and technical assistance to improve core management functions and processes. The most notable weaknesses are in planning, budgeting, tax collection, and delivery of water, sanitation and solid waste collection services.

In addition to their deficient management capacity and weak governance, local authorities are hindered by unworkable inter-governmental relations. The Provinces have a constitutional and legal mandate to establish policies and regulations on local government, but this is observed in the breach; in fact, central government agencies have eroded the authority of both Provincial and local government. The role of the Commissioners of Local Government has focused more on ensuring compliance with national legal and administrative norms than strengthening of local government capacities.

Participation in local politics is largely limited to voting. Women in particular face severe barriers to participation, even in electoral politics. There is no space for civil society organizations in local decision making; and there is little or no access to information on local planning, budgets or service issues, other than the weekly "Public Day" exercise which reinforces existing structures of patronage and clientalism. The only mechanism for direct participation—the sub-committees established by the elected Councils—do not function effectively.

While local governments played an important role in the immediate post-tsunami relief, in the rebuilding phase they have been marginalized completely. The implementation of recovery and rebuilding policies and programs is carried out by the de-concentrated central government administration at the District level and coordinated by the project management office through a specialized agency called the Task Force to Rebuild the Nation (TAFREN). In this process, local governments have not even taken up their representative

functions; for example, they have not carried out formal consultations to get community input into recovery programs.

RECOMMENDATIONS

The most important recommendation of the Assessment Team is to limit the expansion of DLG to 34 partner local governments and at the same time to provide intensive assistance over a longer period to ensure full implementation of innovations and improvements. Other key recommendations include: selecting partner local governments from additional Provinces; concentrating capacity-building on three core functions; involving Provincial governments; policy advocacy focusing on improving inter-governmental relations; giving greater emphasis to citizen participation in formal decision making processes; expanding the activities to strengthen women's participation; and supporting community consultation mechanisms in post-tsunami recovery.

- Include thirteen additional Pradeshiya Sabhas from the North Central, North Western and Uva Provinces, to increase coverage in non-tsunami areas and to make a larger impact on policy.
- Include six additional Pradeshiya Sabhas in the Eastern province to ensure that half of the partner local governments are from tsunami affected areas, and to achieve a balance in terms of the ethnic makeup of the participating communities.
- Focus capacity building component on revenue and expenditure budgeting; tax collection; and planning and implementation of other own source revenue projects. This should include support for use of information technology solutions.
- For service delivery improvements, coordinate the capacity building activities with the Provincial governments and seek to access funds from other sources, including the Local Loans and Development Fund (LLDF).
- Work closely with the Provinces on improving inter-governmental relations, particularly the office of the Commissioner of Local Government (C-LG). Assist the C-LGs in creating a Province-wide budget system and financial indicator data base.
- Focus the advocacy on the relations between local governments and Provinces, to improve policy coordination. Avoid the risks of politicization by working too closely with the associations at the national level.
- To promote citizen participation, explore and test the limits of the formal sub-committee mechanism of the PS; if this proves insufficient, experiment with alternative mechanisms. Participation should concentrate on improving the planning and budgeting process.
- The existing DLG project pays insufficient attention to the barriers to women's participation. A more comprehensive set of activities is required if there is to be progress in this area.

Support local governments in carrying out community consultations on post-tsunami recovery and rebuilding. Generate momentum by supporting networking among participating local government officials and community representatives.

I.0 INTRODUCTION

The field work was carried out from May 20 through June 18, 2005. During that period, the assessment team visited 12 local authorities and the Southern, North West and North Central Provincial Councils.¹ The assessment was based mainly on interviews with 59 key informants from central government agencies; international donor agencies; non-governmental organizations; political parties at the national and local levels; Provincial Councils; and local governments. The list of interviews is found in Appendix 1 of this report.

The interviews were supplemented by a document review, which included relevant USAID Sri Lanka Mission strategic plans, program descriptions and performance monitoring plans; Sri Lanka constitution and laws; Sri Lanka central government policy documents; Provincial Council reports; plans and budget reports of local authorities; consultancy reports produced by donor agencies; and academic studies on decentralization and local government in Sri Lanka. A list of the documents consulted is found in Appendix 2.

¹ The RFP referenced the Central Province, North / Eastern Province, and Southern Province. Subsequently the USAID Sri Lanka Mission changed the focus to the North West, North Central, and Southern Provinces as well as the Northeast. Given the security situation, it was not possible to travel to the Northeastern regional capital Trincomalee.

2.0 THE DEMOCRATIC LOCAL GOVERNMENT PROJECT

To better place the assessment in context, it is useful to begin with a brief review of the current Democratic Local Government (DLG) project funded by USAID Sri Lanka and implemented by The Asia Foundation (TAF)/International City/Country Management Association (ICMA). The project has a broad objective, to contribute to the dialogue on future institutional arrangements for a post-conflict state by providing “a clear demonstration of the advantages of a more decentralized governance to all citizens”, which will “help to overcome the current reticence to take any steps in this direction by many southern Sinhalese”.² At the same time, the project is premised on the understanding that any local government reform will have to await a comprehensive political reform linked to the peace settlement. Thus, the TAF/ICMA project focuses on strengthening local authorities within the current constitutional and legal framework.

DLG seeks to increase the responsiveness of local governments and to make them more participatory; thus, it combines capacity building for local authorities with support for increased citizen participation, monitoring and oversight. These combined interventions are intended to be mutually reinforcing, and will “create an environment that allows citizens to influence service delivery and governance issues, and provide points of focus for various citizens groups to collaborate in addressing common issues and advancing shared interests”.³ To this end, it is organized in three different program components:

- Component 1: Demonstrating Models of Effective Local Government. This is the most important component, based on pilot projects in 15 to 17 selected local authorities, aimed at improving performance and based on training in financial, administrative, managerial and service delivery capacities. The emphasis will be on training local officials, although Provincial officials might also be included.
- Component 2: Replicating and Sustaining Improvements in Democratic Local Governance. This focuses on building cross-ethnic, cross-party and cross-regional networks aimed at disseminating knowledge and practices, and building a voice for non-elected and elected local officials. This could be through the existing local government associations or through a new professional association.
- Component 3: Building Political Will for Reform of Local Governance. This component will be aimed at the political parties, to provide training in areas such as internal democracy, constituency relations and platform development—all with an eye to making the parties aware of the need to make local government more responsive to citizen needs. At the same time, it will increase citizen awareness of governance and performance issues, through media and communications and through support to citizens’ groups in monitoring and oversight of local government in targeted areas.

² The Asia Foundation. 2004. “Inclusive and Peaceful Approaches to Politics and Governance Strengthened: Technical Application”. p. 4.

³ *ibid.* p. 3.

The selection of the participating local governments was based on several criteria, including the government's potential for incorporating and sustaining innovations; the need to include multi-ethnic communities; inclusion of rural, semi-urban and urban settings; and where possible attention to Tamil, Muslim and Sinhalese communities in the northern and eastern regions. In this way, the project will seek to maintain "both the perception and reality of fairness in providing assistance among different communities".⁴

At the time of the assessment, DLG had been underway for just over five months. While the assessment team was in Sri Lanka, TAF/ICMA carried out the inaugural workshop with officials from the selected local governments. The startup phase included two rounds of assessments of 20 local authorities in the Southern, Central and Eastern, and Uva Provinces and a final selection of 15 pilot local governments.

The startup phase also required some redesign and adjustment to respond to the enormous challenges faced by local governments in addressing post-tsunami reconstruction and rehabilitation tasks. Indeed, in the final selection TAF/ICMA included 11 local governments from Tsunami affected areas. TAF/ICMA subsequently redesigned some of the project activity areas and tasks to provide direct assistance to the tsunami affected local governments. One of the most important activities in this respect has been the Participatory Community Consultations aimed at prioritizing recovery and rehabilitation programs and projects. Another activity under this rubric is to support "responsible advocacy for tsunami affected communities, aimed at engaging central and provincial government officials in dialogue on recovery and rehabilitation policies."⁵

⁴ *ibid.* p. 11

⁵ The Asia Foundation. 2005. "The Inclusive, Participatory Governance Program: Quarterly Report 1". Cooperative Agreement #386-A-00-05-00013-00. pp. 10-12.

3.0 ISSUES IN DECENTRALIZATION AND LOCAL GOVERNMENT

Following on the summary of the objectives of the current TAF/ICMA project, it is convenient to highlight some of the salient contextual issues that we identified in our document review and interviews with informants from central, Provincial and local government, political parties, nongovernmental organizations (NGOs), and donor agencies. It is not intended as a survey of all of the issues in local government in Sri Lanka, but rather a discussion of a few important problems that have direct relevance for USAID's current and future programming and for the eventual expansion of the activities funded under the TAF/ICMA project. The five sets of issues discussed here are: management capacities of local authorities; relationships between local authorities and other levels of government; citizen participation in local politics; women's roles in local government; associational activity and advocacy on local government reform; and the relationship between local governments, central government and donor agencies in post-tsunami recovery and rehabilitation.

The following discussion should be understood in the context of an extremely ambiguous policy of decentralization in Sri Lanka. While the 13th Amendment to the Constitution in 1987 apparently devolved substantial powers to elected Provincial Councils, the fact is that Sri Lanka remains extremely centralized. Indeed, since 1987 spending by sub-national governments has accounted for only 10% of total public sector expenditure; on average 8% for Provincial Councils and slightly more than 2% for local governments. Moreover, even within this low level of funding, local governments depend on central government transfers for upwards of 60% of their revenues. And, most of the transfers from central government to provincial and local governments are earmarked for salaries and benefits; and less than 10% of sub-national governments' expenditures go towards capital investment.⁶ In sum, measured in fiscal terms at least, Sri Lanka has one of the least decentralized systems of government in the entire Asia-Pacific region.

3.1 CAPACITIES OF LOCAL AUTHORITIES

Not surprisingly, the majority of researchers, consultants and experts on local government in Sri Lanka now consider that the Pradeshiya Sabhas and Urban Councils are lacking in basic management competency—indeed, some of the experts interviewed applied this same generalization to most of the Municipal Councils.⁷ This lack of competencies is felt in all major areas of local government management, whether planning, including land use, transport, and environmental planning; financial management, especially budgeting; own source revenue generation, especially local tax assessment and collection; human resource management, and particularly in-service professional development; service delivery, including coverage,

⁶ Democratic Socialist Republic of Sri Lanka. 2004. "Fiscal Aspects of Devolution in Sri Lanka: Directions for Reform. Colombo: Finance Commission. Annex 2.

⁷ See for example, S. Wanasinghe. 1999. "Effective Local Governance: The Foundation for a Functioning Democracy in Sri Lanka". Colombo: Institute for Policy Studies.

quality and cost recovery; information management, especially in the area of information technology; and finally, communications and citizen access to information.

From our rapid assessment of a few of these local authorities, it appears that the most basic functions of local governments, namely physical planning and regulation of land use, are virtually non-existent. Only the Municipal and Urban Councils appear to do some physical planning; but even here the Urban Development Authority (UDA) has a predominant role. In the Pradeshiya Sabhas, too, the UDA has “gazetted” all of the built up areas and exercises complete authority over planning. It is not just that the UDA provides assistance or guidance to the staff of the local authorities; rather it carries out the actual planning.

Especially in the case of the Pradeshiya Sabhas and the Urban Councils, one reason for their weakness might be their relatively recent creation. We should not overlook the fact that during the 1981-1988 period the central government had abolished these levels of local government, leaving intact only the larger towns and cities organized as Municipal Councils. During this period, the elected local governments in rural areas were replaced by a system of District Development Councils with a mix of unelected government officials from the District administration, local elected officials and Members of Parliaments. The experiment failed, and in April, 1987 the Pradeshiya Sabha Act was approved. Subsequently, in 1988 the 258 new Pradeshiya Sabhas (PS) were formally constituted as elected local governments. The Pradeshiya Sabhas were amalgamated from the pre-existing village council areas and town councils.

Moreover, the establishment of the Pradeshiya Sabhas and the reestablishment of the Urban Councils occurred just after the 13th Constitutional Amendment that created the Provincial Councils and which designated local government as a devolved subject under the “Provincial list”. Thus, the national government’s Department of Local Government was abolished and its functions were transferred to the Provincial Councils, through the establishment of the Commissioners of Local Government. As we discussed above, the experts and practitioners interviewed saw the office of the C-LG in each Province as having limited technical and organizational capacity. This confirms the findings of the Local Government Commission, which had reported in 1999 that “these Commissioners did not possess the capacity of the former [national] Department in the exercise of supervision and the provision of guidance to Local Authorities”.⁸

It is necessary however to qualify this opinion. While overall the offices of the C-LG in the Provincial Councils appear to be quite weak, our interviews with the Commissioners and staff from five different Provinces do show important variations in the support that they provide to local authorities. In the North West and Central Provinces the offices of the C-LG provided significantly more oversight and guidance to local authorities than did their counterparts in the North East, North Central and Southern Provinces. This point will be taken up below in our recommendations on possible directions for USAID programming.

Most elected local officials interviewed say that the main reason why local authorities have not acquired sufficient management capacity in the seventeen years since their creation is the scarcity of fiscal resources. The weak local tax base, restricted possibilities for service fee income and the low level of transfers from central government have kept the Pradeshiya Sabhas, Urban Councils and Municipal Councils in penury. Typically, the transfers from central government (disbursed through the Provincial Councils and earmarked for salaries and benefits) represent at least 60% of local government revenues. In Urban Councils and the more urban Pradeshiya Sabhas, the other main source of revenue is property tax (15-25%), whereas in more rural local governments the most important own source revenue is rents from Council lands, market stalls and fairs (15-25%).⁹

⁸ Commission of Inquiry Report. 1999.

⁹ These figures are averages, taken from Finance Commission reports. Overall, Urban Councils generate a greater share of locally generated revenues (up to 40%) whereas in the most isolated and rural Pradeshiya Sabhas it can be as low as 20%.

In addition to the block transfers for salaries disbursed by the Finance Commission through the Provincial Councils, there are provisions for allocation of local development funds by members of Parliament—but again these are channeled through the Provincial Councils, and the local authorities do not necessarily have a say in their use. In fact, according to some observers, it serves to cement the internal political party hierarchies, in which national politicians reward or punish their allies in Provincial and local governments.

It is important to note, too, that there is no formal intergovernmental mechanism for policy coordination, dialogue and decision-making on the system of transfers. The national Finance Commission is responsible only for allocating and monitoring to some extent the block grants to Provincial Councils and to a lesser extent, the grants to local authorities made via the Provincial Councils. It plays no role in maintaining a national dialogue on intergovernmental finance. For its part, the central government does not negotiate directly with local governments; rather it depends on the Ministry of Home Affairs, Provincial Councils and Local Government (MHAPCLG) and the C-LGs in each Province.

Even allowing for these fiscal constraints, there are other reasons why local governments are often not able to play the hand that they have been dealt. One reason is their weak human resource function. The rigidity of the legal and regulatory framework for local government public service in fact gives the local elected officials and managers little or no control over management of human resources. New appointments, promotions and transfers are determined mainly by Provincial Public Service Commissions, while overall staffing levels (the “approved cadres”), salaries and other conditions of employment are determined in large part by the central government. For example, since the late 1980s, various studies have estimated that at any given time about 25% of the approved positions in local authorities are not filled. This tendency was confirmed by all of the local officials interviewed in the course of preparing the present report.¹⁰ The time for responding to requests from local governments for new cadres can be as long as two years.

This situation puts local authorities in a squeeze. The block transfers from the national Finance Commission through the Provincial Councils may only be used to pay salaries and benefits of approved cadres. The result is the increasing use of casual employees by local authorities, paid out of their own resources. In all of the local governments visited, between 10% and 20% of current employees had been hired as casual employees. Most are hired as manual laborers for garbage collection, street cleaning, or road maintenance projects, but sometimes they are found in critical professional and technical positions as well.

With respect to the qualifications of managers and other employees of local authorities, it was reported that local authorities face a problem of rotation, especially of professional and technical staff, who often seek transfers to fill vacancies in the Provincial Council administration (and in the Provincial capital). In all of the local authorities visited in the course of this assessment, there were vacancies in key management positions such as Engineers, Technical Officers, and Revenue Officers. In all of them there were many employees in professional and technical positions that had not received adequate in-service training. This confirms the results of a previous ADB needs assessment carried out by the Sri Lanka Institute of Development Administration (SLIDA) that identified a broad range of training needs for local government managers.¹¹ Among these are planning, budgeting, and tax revenue and other own source revenue generation.

The Public Service Commissions under the Provincial Councils have all established Management Development Training Units (MDTUs) for their employees and to a more limited extent, for employees of local authorities within their respective jurisdictions. But the supply of training is mainly oriented towards the

¹⁰ Democratic Socialist Republic of Sri Lanka. Presidential Secretariat. 1999. Report of the Commission of Inquiry on Local Government Reforms. Colombo; Department of Government Printing, pp. 33 and 81-82. The tendency does not appear to have improved in recent years, as the vacancy rate ranged from about 11% to 28% in the local authorities consulted.

¹¹ See Sri Lanka Institute of Development Administration. 2002. “Assessment of Local Government Training Needs”. Colombo: SLIDA.

needs of the Provincial Council professional and technical staff, rather than being tailored to local government needs. For example, the MDTUs in the Provinces that we visited did not provide any basic induction courses for newly appointed local government employees (although the local governments may send their employees to generic courses on office procedures, service rules, budgeting, information technology, etc).

Some of the local governments visited had participated in training programs on local government management, funded by the World Bank or the Asian Development Bank. However, they observed that it was difficult to maintain the innovations over time; with rotation of staff or long vacancies in key management or technical positions, the know-how was lost.

An additional note about in-service training. In our interviews with the Sri Lanka Institute of Local Government (SLILG) we were informed that it does work with the MDTUs and C-LGs to provide training to local government employees. However, SLILG management was unable to provide us with more detailed information about the courses offered, the number of employees trained, targets for future training, etc.¹²

Another evident management weakness was the absence of financial management information systems. None of the local authorities visited used a computer (for example a spreadsheet program) for revenue and expenditure budgets. From our interviews with Council Chairs, Members and Secretaries, it appeared that the budget was not an important management tool. Few of the local officials could give even rough estimates of income and expenditures from year to year; the information was kept manually by the Accountant or Bookkeeper.

In all of the local authorities visited we asked questions about revenue and expenditure budgeting, planning, and future requirements for expanding service delivery, improving local roads, maintaining facilities, etc. From the responses, none of the local governments do medium or long term financial planning, other than maintain a list of unfunded projects submitted by citizens in annual budgeting exercises. Most said that they had taken loans from the LLDF for road maintenance equipment and machinery, building and maintaining open markets (stalls rented as weekly fairs), bus stands, and even multistory commercial centers. The loan payments are included in their current budgets, but they could not say whether or to what extent these loans would affect their ability to carry out new projects. In other words, they have not done an analysis of their future financing needs or their ability to take on additional debt.

In most of the local authorities visited by the assessment team, the financial records are kept manually. Three of the local authorities visited used software packages for basic accounting, payroll, and check writing. In all three cases the accounting software had been developed by the National Institute of Business Management (NIBM) as part of an Asian Development Bank (ADB)-funded project for Urban and Municipal Councils; however, they had received no further support, upgrades, etc., from NIBM. Two of the local authorities had created a data base for tax assessment, but it was not used for invoicing or recording tax payments (for example, in one case we were told that it was consulted by the Revenue Officers who prepared the invoices manually). None of the authorities visited had systems for billing of services or recording payments.

Overall, use of information technology (IT) is quite limited, and where it exists, access is often restricted to a designated "Computer Operator". This creates many problems, because when that person is rotated into another local government or a Provincial government post, the practical know-how and capacity for applying even simple IT solutions to specific local government functions and processes is immediately lost. The local officials interviewed agreed that training on IT applications should be extended to other managers and line staff.

¹² Requests to the SLILG for further information were unsuccessful. This contrasted with the cooperation received from all other central government officials in the course of the assessment.

Finally, a few observations about service delivery. In all of the local governments visited, officials expressed concerns about their ability to provide key services, especially basic sanitation (sewerage and water) and solid waste collection and disposal. In the Urban Councils and some of the built-up areas of the Pradeshiya Sabhas, there are water and sewer systems, however, local governments face serious constraints in maintaining, much less expanding these services. The Provincial Councils have not assisted local governments in addressing these constraints, therefore, the National Water and Drainage Board has become by default the most important source of financial resources and technical know how for local governments. Nevertheless, for the Pradeshiya Sabhas, with a large dispersed population, potable water continues to be a major issue: construction and maintenance of tube wells, in particular, are often seen by rural communities as the most critical service issue.¹³

At the same time, urban and rural local governments face many problems with solid waste management. With one of the highest population densities in Asia (298 person/sq. km.) it is a problem for both urban and rural governments. The Urban Council Ordinance and the Pradeshiya Sabhas Act assign removal of non-industrial solid waste to local government, including maintenance of proper dumping sites. Few localities have initiated programs for separation and recycling at the residential or commercial level, prior to collection; collection methods are unsanitary; pickup and transport are unreliable and there are often no adequate waste disposal facilities, including for example, technically designed landfills, or composting facilities for organic wastes, which accounts for about 80% of domestic solid waste.¹⁴ Unlike water and sewer services, in this area they have had little or no assistance from other levels of government. From our interviews with local officials, this is one service area in which the more urban Pradeshiya Sabhas and the Urban Councils in particular would welcome additional support and technical assistance.

3.2 INTER-GOVERNMENTAL RELATIONS

To understand the context and current situation of local administration in Sri Lanka, it is useful to explain their relationship with Provincial Councils. For most of the colonial period, territorial administration in Sri Lanka was based on about 20 de-concentrated administrative Districts, under an appointed Government Agent (GA). After independence, this de-concentrated structure was maintained more or less intact, and eventually grew to 25 administrative Districts each with its District GA and divided into Divisions. But, in response to the increasingly violent ethnic conflict in the Northeast during the 1980s, and under pressure from the Indian government, Sri Lanka adopted the 13th Amendment to the Constitution, which created eight democratically elected Provincial Councils, including the Northeast Province.

In many other countries, the creation of elected sub-national governments in the 1980s and '90s was the result of broad based political reform and interpreted as part of the extension of democratic freedoms. In contrast, in Sri Lanka, it seems that the 13th Amendment was interpreted by most of the non-Tamil population in the southern and western regions of the country as a "peace concession" and not as a "democratic opening" to better meet the needs of the regions. What is more, it was only applied for a short time in the Northeast, as the elected Council lasted a little over one year and was dissolved by the central government in 1990.

¹³ See the surveys on Pradeshiya Sabha service provision issues carried out in three different regions in S.T. Hettige, et al. 2003. "Local Governance and Conflict Management in Sri Lanka: Final Report". Colombo: University of Colombo, Development Studies Institute.

¹⁴ See also K.L.S. Perera. 2003. "An Overview of the Issue of Solid Waste Management in Sri Lanka", in M. J. Brunch, V. Madha Suresh and T. Vasantha Kumaran, eds. Proceedings of the Third International Conference on Environment and Health". Chennai: Department of Geography, University of Madras.

According to contemporary observers, outside of the Northeast, public opinion tended to vary between antagonism and indifference to the reform. But, it must also be recognized that the political parties were able to adapt to the new structure and mobilize acceptable levels of electoral support for Provincial Council elections. In fact, after low voter turn outs in the first Provincial elections, the political parties were able to mobilize voters in subsequent elections, with rates of participation above 70% overall and somewhat lower in the Western and Southern Provinces. However, this did not translate into an active local political constituency for defending and much less strengthening the newly created Provincial Councils.

Indeed, studies have shown that from their creation, the Provinces have had to face constant attempts by the central government to restrict and even roll back their powers. The exclusive functions assigned to the Councils were designated in a “Provincial list”, however, there was also a long list of “concurrent” or shared functions.

In practice this has meant central government control over all of these subjects; indeed, the definition of “planning” as a central government function has left the door open for encroachment into many subjects in the Provincial list. The 13th Amendment and subsequent laws and regulations have restricted the revenue bases of the Provinces and have made inter-governmental transfers a prerogative of the central government. Also, since 1987 the central government has maintained and even reinforced the existing de-concentrated District and Divisional territorial administrations. In fact, in the years since the reforms were implemented, the Provincial Councils’ total share in overall government spending has averaged just 10%.

All of this has serious implications for local authorities. While the oversight of local governments was defined as a devolved subject to the Provincial list, again it is fair to say that in practice it has been managed as another concurrent subject. Like in other concurrent subjects, this has generated its own set of problems.

On the one hand, in each Provincial Council administration, there is a Commissioner of Local Government. Typically the C-LG is a small office, with an approved cadre of between 20 to 30 employees, including Assistant Commissioners, Engineers, Technical Officers, and Investigators. The C-LG tends to see its role in terms of ensuring compliance with the many laws, regulations and policies governing the activities of local authorities. On the other hand, the central government has maintained a Ministry of Home Affairs, Provincial Councils and Local Government (MHAPCLG), which in fact exercises substantial authority and detailed administrative control over the activities of the C-LG in each Province.

But the ambiguity in the status of local authorities is not restricted to the role played by the MHAPCLG vis-à-vis the control of the C-LG in each Province; as we mentioned above, it extends to a wide range of functions exercised by central government ministries and statutory boards and institutes. For example, the UDA exercises authority over planning, land use regulation, and even infrastructure and capital investment plans in Urban Councils and Pradeshiya Sabhas through the designation of “Urban Development Areas”.¹⁵ Likewise, the assessment team was informed that the Road Development Authority (RDA) has initiated large projects with funding from multi-lateral and bi-lateral donor without consulting local authorities—and sometimes even against the express wishes of the affected local government.¹⁶

This ambiguity in inter-governmental relations is felt by local governments on an everyday basis, as the central government maintains a strong presence at the local level through a large, de-concentrated administrative structure, represented in the 25 Districts, which are then subdivided into smaller Divisions.

¹⁵ See SEVANATHA. 2001. “Regulatory Guidelines for Urban Upgrading”. Colombo: SEVANATHA – Urban Resource Centre/Water, Engineering and Development Centre (WEDC), Loughborough University.

¹⁶ See the discussion of the RDA’s Southern Expressway project, which led to a Supreme Court case after the two affected Pradeshiya Sabhas denied permission for its construction. Bank Information Center. 2000. “Sri Lanka. Submission of Complaint: Southern Transport Development Project”. BIC.

Local officials told the assessment team that this structure has in fact increased in size and power since 1987. The Divisions also have other local level offices for different rural development programs financed by the many national government agencies, including the welfare and subsidy programs implemented through the Samurdhi Niyamakas. At the same time, the Divisions are represented in the villages through salaried officers called Grama Sevakas. A parallel structure exists within the health sector, with thousands of Ministry of Health officials (family health workers and public health inspectors) spread through out the rural areas. Likewise, MHAPCLG has recently overseen the expansion of the activities of the LLDF as a source of financing for capital projects and has created the SLILG as a provider of training and technical assistance to local authorities.

As a result, as one study has observed, “elected local governments represented by Municipal Councils, Urban Councils and Pradeshiya Sabhas have had an uneasy existence parallel to the divisional secretaries, representing the long arm of the de-concentrated central government and its line ministries”.¹⁷ Another recent report makes a similar point with respect to “the role confusion, ambiguity, and overlap between Divisional Secretaries and Pradeshiya Sabhas in areas such as public health promotion, garbage collection, sanitation, water resources and roads”. But clearly, this situation favors the officials in the de-concentrated administration; with no elected body to provide a minimum of political accountability, the Divisional administrations are acknowledged to be tremendously inefficient, slow and plagued by corruption.

Another way of looking at the current state of inter-governmental relations is to assess the degree of freedom enjoyed by each Province in designing its relations with the local authorities in its own jurisdiction. A cursory examination shows almost no variation from one Province to the next. For example, while the resources that Provincial Councils transfer to the local authorities are set by the central government, in principle the Province has some flexibility in earmarking the use of the transfers. However, in practice, with the exception of the Western Province, which has just recently tried to introduce some performance criteria for grants, there have been no innovations in this respect. Taking another example, the 13th Amendment provides that the Province may increase (but not reduce) the existing functions or powers of the local authorities in their respective jurisdiction. Again, there appear to be no significant innovations in allocations of functions between Provinces and their respective local authorities.

Finally, it is important to note that despite the 13th Amendment, the central government can intervene directly in local government political affairs, through provisions in the Urban Council Ordinance (section 10) and the Pradeshiya Sabhas Act (Section 5) that allow the Minister to curtail or extend the term of office of elected members by up to one year. According to several observers, this faculty has in fact been used by the Minister “relatively frequently”, and has been upheld in court challenges.

3.3 PARTICIPATION IN LOCAL POLITICS

Despite all of the constraints identified above, the fact is, the Pradeshiya Sabhas and Urban Councils (UCs) are the closest level of elected government to people living in rural areas and small towns throughout Sri Lanka. Indeed, local government elections in Sri Lanka are characterized by very high levels of political mobilization and electoral participation—and sometimes political violence along party or ethnic lines.¹⁸

Elections to the local councils are organized along party lines, through a proportional representation system, based on single constituency lists for each party. The Chair of the PS or UC is then chosen from among the elected council members. There is much discussion as to its contribution to resolving ethnic conflict at the

¹⁷ Lahiri, Ashok K. 2001. *Capacity Building for Fiscal Devolution in Sri Lanka*. Colombo: National Institute of Public Finance and Policy. p. 30. The Urban Development Authority and the National Water and Drainage Board are particularly salient examples.

¹⁸ Center for Monitoring Election Violence. 2002. “Final report on Election Related Violence: Local Government Elections 2002”. Colombo: CMEV.

local level, although for most observers this system has the merit of improving representation of minority communities at the local level. At the same time, however, it has been criticized as being less responsive to some community needs than the ward system in which council members represent discrete territorial divisions.¹⁹

This is a particularly acute issue in those Pradeshiya Sabhas with a small town center and a large rural population dispersed across an extensive area. Some of the local officials interviewed recognized that this can often lead to a focus on the service needs of the inhabitants of the built up areas of the Pradeshiya Sabhas, to the detriment of the rural population. Not only are there few services provided by Pradeshiya Sabhas in rural areas, with their scarce resources, the Pradeshiya Sabhas often cannot even maintain a presence through local sub-offices.

One issue raised by several informants was the high degree of control exercised by the national party hierarchy over provincial and local affairs. Political parties in Sri Lanka are organized through complex, enduring patron-client structures that reach into the remotest villages.²⁰ The national level politicians, including Members of Parliament (MPs), control the process of candidate selection in provincial and local elections and the elected officials are beholden to their patrons. Generally, the elected local government officials that were interviewed by the assessment team readily admitted that the national political party hierarchy and especially the MPs were the dominant political actors in their respective areas. This was seen to be quite problematic in the current political context, with the minority, opposition party in national politics controlling a majority of local governments. One result has been increased difficulties in accessing decision-makers to resolve the many issues that local governments cannot resolve themselves.

According to observers outside of government, this system is fueled by petty and large scale corruption. Despite the fact that the Auditor General carries out regular audits of local governments, these focus on the formal legal and regulatory framework for record-keeping, accounting and reporting. Most observers agree that local governments have problems of corruption in tendering and contracting, renting of public lands and facilities, maintenance of tax rolls and payment of land taxes. There is also a consensus that small-scale corruption is rife; bribes are required to expedite many procedures. The Transparency International survey on Sri Lanka, which concludes that corruption is institutionalized throughout central government agencies, goes on to say that “there is little to suggest that the corruption pattern in the provincial and local government layer is different—beyond recognizing that the amounts in question could be much smaller than at the national level.”²¹

In the terms of reference for this assessment, there are questions relating to citizen participation—specifically, how to build greater trust in local government and create opportunities for civil society participation. The results of our assessment are not encouraging. The NGOs and other informants that we consulted pointed to the low levels of associational activity at the local level. Some argue that this is because the existing community based organizations often focus their action on the de-concentrated administration of the central government in the Divisions rather than on the Pradeshiya Sabhas, which have few resources to offer. In fact, many of the existing community organizations are convened by the Divisional administration’s Grama

¹⁹ See International Union of local Authorities, Asia Pacific Chapter. 2004. “Country Reports on Local Government Systems: Sri Lanka”. Jakarta: IULA-ASPAC. pp. 12-13.

²⁰ See a case study in J. Foell, E. Harrison and R. Stirrat. 2003. “Participation, patrons and the village the case of coastal zone management in the Puttalam District, Sri Lanka”. School of African and Asian Studies, University of Sussex.

²¹ Transparency International. 2005. “National Integrity Systems. Country Study Report: Sri Lanka 2003”. Colombo: Transparency International/Centre for Policy Alternatives. p. 28.

Niladari (“Village Officer”) as counterparts of national social welfare and subsidy programs. As one study observes, “these organizations are linked more to the state than to the civil society.”²²

However, there do exist local organizations, including funeral assistance societies, religious charitable societies, farmers’ and fisherman’s cooperatives, trade unions, and even branches of regional or national NGOs, which are limited to village self-help groups; some religious and charitable societies; rural and fisher cooperatives and youth groups. These associations have not had an activist profile—that is, they tend not to establish dialogue with local government officials in representation of community interests.

At the same time, during the team’s site visits, it quickly became clear that elected local government officials had little experience with—and even less understanding of—public participation techniques. When these kinds of issues were raised, invariably the elected officials, whether Chairs or Council members, referred to the representative functions of the elected Councils. In many instances, they reported that the local government did not seek citizen input for budgeting, planning, or other decision-making processes. In only two cases, it was reported that the Council solicited proposals from interested members of the public in the run up to the presentation of the budget.

Similarly, information regarding major decisions made by local government, such as budgets, was simply unavailable to the general public. None of the local governments visited by the assessment team used town council meetings or similar approaches to inform citizens about budget priorities, or individual projects. In several cases, what were described by elected officials as community participation or consultation turned out to be ceremonies for inaugurating small public works by the Chair or interested Council members.

Local government officials’ largely passive approach to participation is only broken during the weekly Public Day, when long lines of citizens wait patiently for hours to present the Chair with what are undoubtedly cases of desperate pleading to address individual or family needs. While local officials are generally enthusiastic about this activity, in fact the setting, the demeanor of the petitioners and the tone of the elected officials would all suggest that this model perpetuates the patronage system of governance that dominates Sri Lanka’s public life.

In order to attend their large service areas, the Pradeshiya Sabhas usually have at least one sub-office and sometimes as many as five or six. However, these offices are used for administrative and service delivery functions. However, from our interviews with local government officials, it was clear that these offices were not used for consultation or communications with the rural communities—except for miniature versions of Public Day, under the direction of one of the elected Council members, rather than the Chair.

The Pradeshiya Sabhas Act (section 12) does provide a potential space for citizen involvement, through the provision for the nomination of committee members from the general public in addition to the elected Council Members. In the local governments visited, there are usually at least three committees: Finance, Policy and Planning; Housing and Community development; and Environment. According to the local officials interviewed, the provisions for citizen participation have not been implemented. Generally, committee membership is restricted to the elected Council Members. Moreover, the committees, whose purpose it is to make recommendations to the Chair on policy matters, do not carry out consultations with the community.

While this summary of finding on participation may seem negative, it should be noted that there are successful cases of community mobilization and participation in Sri Lanka. One well-documented case comes from a large-scale, integrated rural development project carried out in the Moneragala District. This project was successful in promoting community participation through participatory rural appraisals and other planning methodologies, which ended up giving them considerable voice in decision making and

²² Dr. T. Leitan, et al. 1998. “Report on Improvement of Local Government through Strengthening Pradeshiya Sabhas”. Colombo: Center of Policy Research and Analysis, Colombo University. pp. 34-35; 56-57.

implementation.²³ We mention this case because it shows clearly that through careful intervention sustained over time, it is possible to open spaces for community participation in Sri Lanka, just as in other countries. This is precisely what has not been done in local government in this country—and what should be done.

3.4 WOMEN'S PARTICIPATION AND REPRESENTATION

Typically, women begin their political careers at the local government level, motivated by the issues' relevance to their daily lives and the low cost of campaigns. Often, local government serves as training grounds for women who aspire to higher levels of elected or appointed office. In Sri Lanka, despite seven decades of universal suffrage, barely 4% of national and less than 2% of elected local government officials are women.²⁴ Currently, no women serve as mayors of Municipal Councils and only a handful of women chair Urban Councils and Pradeshiya Sabhas.²⁵ This should be a major concern for USAID programming, for without greater involvement in the decision and policymaking process, Sri Lankan women's lower political, social and economic status will remain unchanged.

Barriers to women's equal status are pervasive and far-reaching. Within families, male dominance combined with the unequal division of responsibility forces women to perform the majority of unpaid household labor.²⁶ Gendered ideas of women's proper place provide strong social disincentives for women's active participation as politics is considered an unsuitable activity for women. During political campaigns, women experience even higher levels of violence, intimidation, and character assassination than men. Even the national government bureaucracy has historically subjected women to sex discrimination. Until 1982, women were allowed to fill only 25% of positions in the Sri Lanka Administrative Service.²⁷

Unsurprising in a political system heavily weighed down with post-colonial dynasties, family support for any woman entering politics is crucial. Without such connections, few women would advance as political parties have made no substantial investments in training, recruitment, or supporting female candidates. Political leaders publicly blame women's low participation rates on a lack of qualified candidates, yet fail to examine their own positive discrimination in favor of men. At election time, political parties typically place female candidates in the lowest ranked position on the candidate list. Even when female candidates do win, their own parties have replaced them with male officeholders. And after the campaign hurdles have been cleared, women still face the additional challenges of discrimination and marginalization by their male colleagues.

The predominant leadership style in Sri Lanka is compulsively hierarchical, causing subordinates to suppress virtually all opinions—especially dissent—in public. As women tend to be congregated at the lowest rung of authority, their obedience to their party may be even more pronounced than their male colleagues'. Having received little support from their political party during the campaign, female political leaders face even greater challenges in understanding and fulfilling their roles as democratically elected representatives.

²³ R. Bond. 2000 "Lessons for the Application of Large Scale Process Approaches from Sri Lanka". Manchester: International Institute for Environment and Development.

²⁴ The Local Government System in Sri Lanka, Commonwealth Local Government Forum. www.clgf.org.uk.

²⁵ Ibid.

²⁶ Centre for Women's Research Sri Lanka. 1994. Women, Political Empowerment and Decision Making. Study Series No. 8.

²⁷ Mana Gunatilaka. United Nations Economic and Social Commission for Asia and the Pacific. The State of Women in Urban Local Government in Sri Lanka. 2000. http://www.unescap.org/huset/women/reports/sri_lanka.pdf

Attempts to expand women's access and advancement in the political system have been minimal. While there have been a few attempts to assist women's involvement in democracy at the grassroots level,²⁸ formal reform efforts have stalled. Though the Commission of Inquiry on Local Government Reforms in 1999 considered a number of remedies to increase women's participation, no concrete recommendations were made outside of limited encouragement for public discussions.²⁹ According to leading women's rights groups, the Commission was expected to publish a second report directly addressing this issue but no such report has been produced.

Despite these challenges, women increasingly occupy positions of power, particularly in the lower rungs of the political and bureaucratic structures. By the mid-1990s, approximately 40% of Deputy Commissioners and 24% of Department Heads were women, indicating that a significant cadre of women are now well-positioned to assume greater power in the future.³⁰

Involving women in politics often results in redefining priorities, placing new items on the political agenda that reflect women's concerns, values and experiences, providing new perspectives on mainstream issues. In Sri Lanka, female politicians believe they promote women's rights, mainly by supporting activities that lead to income generation and raise women's overall economic status, a key component in reducing poverty. Women office holders believe that their experience in managing households makes them more responsive than their male colleagues in addressing citizens' needs, particularly regarding health, water, sanitation and the environment.³¹ However, they cite the need for greater gender awareness in society in order to fully complete their duties and encourage a broader voice for women.

3.5 LOCAL GOVERNMENT ASSOCIATIONS

Within the existing project implemented by TAF/ICMA the program component on advocacy makes reference to working with local government associations. Accepting the assumption that there will be no major local government policy reforms in the short term (2-3 years) it is clear from our assessment that there is a wide range of intermediate policy issues that can be addressed by local governments and their associations, both at the central and provincial levels, and within the existing constitutional and legal framework. These issues are discussed in some detail in the following section on recommendations.

In many of our interviews with government officials, local governments, academics and other experts, we inquired about the activities of the local government associations. And the overwhelming consensus is that these three associations, which group together UCs, MCs, and PSs, are ineffectual in representing local interests.³² All three associations report that they have formal legal status and bylaws, but local officials interviewed report that the associations are not active. The officers rarely meet; they have no ongoing activities; they do not have formal financial accounting and reporting procedures or administrative structure (none have permanent staff). And while the officers do occasionally meet with central government Ministries (principally MHAPCLG) they have no formal communications with their members about these activities.

It is telling that none of the associations played a major role in promoting the proposed policy reforms that came out of the Presidential commission on local government reform, appointed in 1998. The Commission

²⁸ For a description of the project, visit <http://www.niu.edu/srilankaproj/>.

²⁹ Report of the Commission of Inquiry on Local Government Reforms.

³⁰ Mana Gunatilaka. Op cit.

³¹ Ibid.

³² These are the National Mayors Association; the United Urban Council Chairmen's Association; and the Pradeshiya Sabha Chairmen's Association.

had a broad mandate to study and to make recommendations on strengthening local governments. The recommendations covered a wide spectrum of topics, including greater autonomy; mechanisms for citizen participation; and increased public accountability and responsiveness.³³ The associations of Municipal Councils and Urban Councils each presented a brief to the Commission, while the Association of Pradeshiya Sabhas presented four briefs, from four different provincial chapters. However, they did not follow up with further advocacy activities to press for implementation of the Commission's 10 broad policy proposals and 540 detailed recommendations.³⁴ Today the Commission report remains a dead letter.

There is also an important political dimension of the local government associations—in that at present almost all of the local governments are controlled by the opposition party (United National Party [UNP]) many observers considered that almost any action taken by these associations would be interpreted in exclusively partisan terms. This would clearly limit the scope for carrying out national advocacy strategies in conjunction with these associations.

In the case of the association of Pradeshiya Sabhas, there appear to be some activities at the provincial level, particularly in the Southern and Northwestern Provinces. In the latter, the Commissioner of Local Government reported that the association occasionally had presented petitions or requests for changes in Provincial policies on issues such as fiscal transfers or appointments. Once again, even at this level, these kinds of initiatives are interpreted by many observers as being colored by partisan politics, which them seem to be representing the interests of the elected local officials, rather than the interests of the communities that they represent.

Related to this political dimension, another relevant issue that came out of the interviews with local officials was whether it makes sense to have three separate associations representing only 300+ local governments. There have been recurring discussions about the possibility of merger, but these have not prospered. For the local political leaders occupying key positions in the associations, even while they are mostly from the same party, these roles represent a vehicle for projection onto a regional and even national stage. Thus, there is no clear political incentive for merger, which would actually reduce their opportunities for political leadership.

3.6 LOCAL GOVERNMENTS IN POST-TSUNAMI RECOVERY

The eastern, north-eastern and south-eastern coasts of Sri Lanka were particularly hard hit by the tsunami, over 1,000 kilometers in total, penetrating hundreds of meters inland, and some cases, thousands of meters, as it followed low-lying areas. As well as the large loss of human life, upwards of 37,000, it is estimated that more than 100,000 homes were destroyed. And in the immediate aftermath, the central government and sub-national governments worked closely with the international community to carry out massive relief operations. Even while 57 local governments were virtually destroyed and a further 33 suffered significant damage, in most cases the elected Councils and administrative staff continued to function and were able to play an important leadership role in coordinating the relief efforts in the immediate aftermath.

The consensus among representatives from government, donor agencies, NGOs and other expert observers is that the immediate relief operations in Sri Lanka were very successful in providing access to short term shelter, potable water, basic sanitation, health services and emergency food aid. There was sufficient cooperation between central, provincial and local governments, and the relief efforts proceeded without delay. There is also a consensus —this time with the exception of the central government—that in the recovery and rehabilitation stage, inter-governmental cooperation has been much more difficult. Indeed, it

³³ Report of the Commission of Inquiry on Local Government Reforms. Op cit. pp. 353-54. The very first recommendation was to establish local government as a distinct level of government within the national constitution.

³⁴ *ibid.* pp. 359-95.

would not be an exaggeration to say that central government has excluded local governments from decision-making.

The central government created three specialized task forces, the Task Force for Rescue and Relief (TAFRER), Task Force for Logistics and Law and Order (TAFLOL) and Task Force for Rebuilding the Nation (TAFREN), as temporary mechanisms to coordinate the relief and recovery policies of the line ministries and agencies and with the international agencies. Once the relief phase was over, TAFREN became in fact the most important mechanism.³⁵ At the operational level, TAFREN works through the de-concentrated administrative structure at the District and Division levels. For its part, each District Secretary chairs a coordinating committee that has the sole authority for authorizing the activities of the hundreds of large and small international aid agencies working in the tsunami affected areas. Provincial and local governments play a minor role in these committees, except in issues related to allocation of public land for housing.³⁶

According to the local elected officials that we interviewed, the reason for the exclusion of local governments from the post-tsunami recovery and rebuilding is simple: the local governments are controlled mainly by the opposition party and the central government is unwilling to allow them any political benefit in managing recovery programs. For their part, central government officials recognized that the local governments did not have a major role, but justified this policy on “efficiency” grounds; saying that it was difficult enough to coordinate and manage the recovery process with several hundred international aid agencies, without also involving upwards of a hundred local governments and elected officials.

Of course, local governments in tsunami affected areas continue to cooperate in recovery and rebuilding. They sometimes cooperate directly with the international aid agencies, providing engineers and other staff and construction equipment to assist in temporary shelter and basic sanitation. They have continued to work in removal of debris, demolition of damaged structures, and rebuilding local roads and replacing culverts. Also, local governments from non-tsunami areas have provided them with loans of machinery and qualified staff.

As the relief phase ends and the recovery and rebuilding lags, with delays in central government processes for planning, design, procurement and implementation of projects, there is growing local pressure for more immediate results. There are also growing tensions and conflicts over allocation of relief, especially housing, which have led to large demonstrations and protest marches in coastal towns and violent confrontations with police. Despite these pressures, central government authorities in the de-concentrated District administration have not used community consultation or participatory planning approaches. Rather, projects have been identified and prioritized by specialized assessment teams and included in District plans.³⁷

³⁵ Task Force for Rescue and Relief (TAFRER), Task Force for Logistics and Law and Order (TAFLOL) and Task Force for Rebuilding the Nation (TAFREN).

³⁶ In the beginning, local authorities were not included in the District coordinating committees. But when it became apparent that local governments would have a say in allocation of public lands under their jurisdictions, they were brought in. Provincial authorities, however, do tend to play an important role in decisions around education and health facilities.

³⁷ See for example: United Nations, United Nations Environment Programme. 2005. “Sri Lanka National Rapid Environmental Assessment”. Colombo: South Asia Co-operative Environment Programme.

4.0 POLITICAL CONSTRAINTS TO REFORM

Before turning to the recommendations for expanding USAID's current programming in the area of local government, in this section we discuss some of the short- and medium-term constraints and risks. These have to do with the dynamics of national politics and their impacts on local government politics and the climate for policy reforms. The main constraints are: the instability of the national government; the uncertainty around the continuation of the peace process and the negotiations with the Liberation Tigers of Tamil Eelam (LTTE); and the stagnation of major policy reform initiatives owing to the peace process and the focus on the post-tsunami recovery and rebuilding.

Sri Lanka has had a national election every other year since 1999. Local elections were held in April 2004, during the tenure of a UNP national government; the result was UNP victory in the majority of local governments. Very soon after, the UNP government fell and the current UPFA government was formed. The fact that since 2004 most of the local governments have been controlled by opposition party Mayors and Chairs has made it difficult to carry out policy dialogue on decentralization and local government strengthening. While the previous UNP government had been considering several reforms in line with the 1999 Local Government Commission's recommendations, with the election of the UPFA the reform stalled.

A presidential election is due by 2006 at the latest and in that same year there will be local elections again. Historically, provincial and local elections tend to reflect the party balance of power at the center, owing to the fact that a substantial part of the electorate in local elections votes pragmatically, rather than on a partisan basis, which creates a "bandwagon effect". Clearly, voters see an advantage in having their local government aligned to the governing party at the center. Thus, if the 2006 national elections produce a clear majority for either the United People's Freedom Alliance (UPFA) or UNP, we can expect the local elections to follow. Under this scenario, whatever party wins the 2006 national elections, therefore, if there is a stable majority in parliament and a large proportion of local governments from the same coalition or party, this might create some opportunities for policy advocacy and reforms to further decentralization and local government strengthening.

However, other factors come into play which could well forestall even limited policy reforms in the short and medium term. The UNP has been more willing than the Sri Lankan Freedom Party (SLFP) and its partners in the UPFA to address major structural reforms, including restructuring and downsizing of the central government. The previous UNP government began important policies to restrict government spending—this in response to pressure from the IMF and World Bank to reduce enormous fiscal deficit (almost 10% of the gross domestic product). However, the peace process and the post-tsunami recovery and rebuilding have reduced the pressure for reforms in this directions; indeed, the present UPFA government has gone in the other direction, increasing the numbers of Ministries and ending the freeze on hiring of new employees in government agencies.

To a certain degree, the peace process and the concentration on post-tsunami recovery have created a kind of public policy version of the "Dutch disease", in which all available political energies, administrative capacities and fiscal resources are diverted to addressing these issues, leaving other policy issues marginalized. For this reason, even under a UNP government, it seems doubtful that in the next two to three years there will be a political opening that would allow for discussion of major reforms on local government.

To add to the complexity, it is not clear what will happen with the peace process. The most likely scenario is one of "no war/no peace", in which there is no substantive progress in negotiations, but the ceasefire holds

despite continued political killings and violations of human rights, exacerbated by the split within the LTTE. This scenario supposes the maintenance of the LTTE controlled areas in the Northern Province, but at the same time, heightened ethnic tensions in the Eastern Province. In this context, it would be difficult to hold free and fair local elections in many parts of both the Northern and Eastern Provinces.

For USAID programming in local government and for the TAF/ICMA project more specifically, this means that the emphasis should remain on building local government capacities and promoting models of good governance within the existing constitutional, legal and regulatory framework. In the political context described here, involvement in national level policy-making would be fraught with uncertainty and high risk of political polarization. While the TAF/ICMA can work within networks and associations of local government, these should be seen more as vehicles for communication and dissemination of best practices.

These constraints also apply to the project activities in community participation and strengthening local governments' roles in post-tsunami recovery and rebuilding. The national and local elections in 2006 will make community participation and consultation initiatives more sensitive in political terms. This is not a stricture against moving ahead with these kinds of activities, but rather a caution. This will be taken up again below in some of the specific recommendations on community participation.

5.0 RECOMMENDATIONS

This section presents the recommendations for USAID programming in local government in Sri Lanka. These recommendations are centered on the same thematic areas discussed in the previous section on issues in decentralization and local government. As a general observation, before getting into these specific recommendations, the assessment team concurs with the TAF/ICMA project's focus on capacity building for improvement of local government financial management. Our interviews with officials from central, provincial and local government confirm this to be an area of substantial concern and felt need of most local authorities. However, as we will discuss below, the impact strategy has still not been worked out clearly. Thus, some of our recommendations address the question of how to achieve wider impacts from this targeted training and technical assistance to a relatively small group of pilot local authorities in four or five Provinces.

As a general comment, a review of similar USAID projects in other countries suggests that the level of funding contemplated for the expanded project would be sufficient to carry out activities in a fairly large group of local governments. The increased funding could allow TAF/ICMA to cover as many as 50 or more local governments, applying a narrow array of technical assistance and training activities in the two main program areas (capacity building in local government management and support for practices of good governance). However, as we discuss below in greater detail, we recommend a smaller group of partner local governments, with a “deeper” program, involving a series of complementary activities and a more visible, lasting impact that will provide models and best practices to be disseminated to other local governments.

5.1 RECOMMENDATIONS ON SELECTION OF PARTNER LOCAL GOVERNMENTS

The terms of reference for our assessment include providing recommendations to USAID Sri Lanka for the selection of additional local authorities to be included in the expanded TAF/ICMA project. While there might be many criteria applied, we recommend selection criteria that will provide for synergy between the intermediate result addressed by the TAF/ICMA project, “IR 5.2: Local Governments' Capacity for Good Governance Increased”, and another intermediate result within USAID Sri Lanka's results framework, “IR5.1 Civic Foundations for a Sustainable Peace Strengthened”. The rationale for this is as follows.

The issue of local governance, decentralization, devolution and even federalism is associated with a resolution of the ethnic conflict – the central question confronting the Sri Lankan polity. This in turn is associated with a new constitutional settlement along federal or quasi federal lines as indicated by the Oslo Communique of December 2002 and the aborted Constitutional Bill of 2000. Accordingly, arguments regarding the sharing of power and subsidiarity will be at the forefront of the debate over a new constitutional architecture and especially relevant to garnering public support and legitimacy for the peace agreement.

Nevertheless, public perception regarding the relevance of both Provincial and local governments is often negative. Citizens have not seen concrete benefits from decentralization—in part owing to the ambiguities of decentralization policies since 1987, as discussed above. Sub-national governments are no more responsive than the central ministries and agencies; moreover, there are no opportunities for consultation or participation in decision-making. As one particularly acute local official put it in the course of our interview, citizens in Sri Lanka are paying the extra price for decentralized levels of government, without any of the benefits”.

There is a real need therefore to build the self confidence and capacity of sub-national governments to demonstrate their continuing relevance and to build a culture of democratic governance at the local level. Doing so will generate greater support and legitimacy for the wider national constitutional project by providing direct and demonstrable evidence of the utility of decentralized government which will be at the

centre of the constitutional architecture in any viable negotiated settlement of the ethnic conflict in this country.

There is substantial regional variation in the degree of support for a negotiated peace agreement that would include substantial devolution to Provincial and eventually local governments. And even within those areas favoring devolution as part of the peace agreement, in particular the Eastern province, there is concern about how devolution would work in an ethnically mixed region, with a strong Muslim presence. Indeed, in this region, the post-tsunami reconstruction effort will be an important test of the possibilities for fair and equitable processes of decision-making under a devolved constitutional structure.

To address the sharp regional variations in the degree of support for increased decentralization, we propose that the expanded TAF/ICMA project include local governments from those parts of the country that register the higher levels of opposition to a constitutional settlement. The Knowledge, Attitudes, Practices (KAP) survey conducted in 2004, provides a measure of the level of support for such a settlement.³⁸ The data can be disaggregated to the local level enabling identification of local authorities in areas where support is low.

TABLE 5.1 ADDITIONAL PARTNER LOCAL GOVERNMENTS IN NCP, NWP, AND UP

NORTH CENTRAL AND NORTH WESTERN	ACTIVE OPPONENT	PASSIVE OPPONENT
Maho PS	42.9%	23.8%
Kurunegala PS	21.1%	68.4%
Anamaduwa PS	25.0%	37.5%
Chilaw PS	42.1%	26.3%
Vavathvilluwa PS	68.8%	31.3%
Horawpothana PS	75.0%	
Kebithigollewa PS	63.2%	15.8%
Nochchiyagama PS	57.9%	
Kekirewa PS	75.0%	15.0%
Rambewa PS	66.7%	11.1%
Thamankaduwa PS	63.6%	24.2%
UVA		
Monaragala PS	26.3%	36.8%
Badulla PS	40.6%	3.1%

The KAPs data is classified in terms of active and passive opponents and supporters respectively of a “bundle” of proposals that could be included in a peace agreement. The “active” category is defined in terms of those willing to be involved in political action to oppose any settlement and the “passive” category, those who oppose but are unwilling to be involved in direct political action. It must be noted though that given the high level of turnout traditionally in Sri Lankan elections, the modality of political expression for those in the “passive” category is probably the exercise of the franchise, therefore making them an important target group.

³⁸ This survey was carried out by the Social Indicator (SI) the social survey unit of the Centre for Policy Alternatives (CPA). See Appendix I for a summary of the KAPs methodology.

Following USAID Sri Lanka's orientation, we focused our selection on local governments in the North Central and North Western Provinces. We also identified as potential partners two local governments in Uva province (the rationale for this will be discussed below). Thus, using KAPs data we identified a list of thirteen Pradeshiya Sabhas. These are presented above in Table 5.1.

At present, the TAF/ICMA project includes only one local government from the Uva Province. Using KAPs data, we identified two additional partner local governments with similar levels of "active" opposition. The rationale for expanding the project activities in Uva Province are explained in subsequent sections.

In order to include a greater number of local governments in tsunami affected areas, we also recommend that USAID expand programming in the Eastern Province—which would of course exclude LTTE controlled areas. Again, this should take into consideration the underlying social, political and institutional context and the ongoing peace process. In this region one of the most salient issues is the coexistence of Tamil and Muslim communities. This issue is particularly important now, as the Government of Sri Lanka (GOSL) has recently approved a "joint mechanism" to allow participation of Tamil and Muslim communities in decision-making with international donor agencies on post-tsunami recovery and rebuilding. It is critical that USAID Sri Lanka programming in this area be seen as evenly balanced. The partner local authorities in the North-Eastern Province that were chosen by TAF/ICMA are predominantly Muslim, therefore, we recommend therefore, that in the expanded project include several local governments with majority Tamil communities.

Based on the data from the 2001 Census, in Table 5.2 we list six local governments for inclusion in the expanded TAF/ICMA project:

TABLE 5.2 ADDITIONAL PARTNER LOCAL GOVERNMENT IN EP			
EASTERN PROVINCE	SINHALA %	TAMIL %	MUSLIM %
Eravurpattu (Chenkalady)	0.09	85.33	15.58
Manmunai South Eruvilpattu	0.08	99.87	0.04
Alayadivembu	1.58	97.92	0.5
Thirukkivil	0.02	98.88	0.1
Trincomalee Town & Kadawathsatara	58.21	19.77	22.03
Kuchchaveli	5.1	26.88	68.02

Adding these to the existing four partner local governments, the final mix in the Eastern province would be four localities with predominantly Muslim populations (Katankuddi, Kalmunai, Akkaraipattu and Potuvil) along with the four additional Tamil localities and two mixed communities, including of course Trincomalee.

In total, therefore, the expanded TAF/ICMA project would include 34 partner local governments from five Provinces (North Western, North Central, Southern, Central, Uva and Eastern). The breakdown by Province is presented in Table 5.3.

TABLE 5.3 SUMMARY OF PARTNER LOCAL GOVERNMENTS

PROVINCE	EXISTING	EXPANDED	TSUNAMI AFFECTED
North Western	0	6	0
North Central	0	5	0
Southern	7	7	7
Central	3	3	0
Uva	1	3	1
Eastern	4	10	10
TOTAL	15	34	17

This expanded selection of 34 partner local governments gives an even balance between tsunami affected and non-tsunami affected local governments, in accordance with USAID Sri Lanka's general orientation for this assessment.

5.2 RECOMMENDATIONS ON LOCAL GOVERNMENT CAPACITY BUILDING

All of the local governments visited showed keen interest and motivation for participating in a program of technical assistance and training in financial management. However, our impression is that these governments, especially the Pradeshiya Sabhas, have a low capacity for absorbing innovations. Similarly, the officials reported that they required not just short, in-service training, but a more intensive process of technical assistance, with regular follow-up and support.

Most of the officials agreed that the focus should be on revenue and expenditure planning and budgeting, and management of property tax; however, they also reported that they required technical assistance for generating other own-source revenue, such as development of markets, fairs, and bus stands. Especially in the case of the Pradeshiya Sabhas, these sources can be more important than property tax revenues.

- *Maintain a relatively small number of partner LGs.* While the additional resources might allow for expansion to 50 and even 70 Urban Councils and Pradeshiya Sabhas, it is preferable to work with a smaller number and provide more intensive assistance over a longer period to ensure full implementation of the innovations. Thus, we recommend no more than 35 partner local governments.
- *Focus on three key functions.* Another recommendation related to capacity-building is to provide focused assistance across three essential financial management functions: revenue and expenditure planning and budgeting (including medium-term planning); property tax (maintenance of tax rolls, assessment procedures, invoicing, and collection); and planning and implementation of other own source revenue projects.
- *Develop appropriate IT solutions.* Related to this, we recommend that the project consider developing standardized IT solutions for use on PCs, one for revenue and expenditure budgeting, and another for property tax management. The software and training manuals should include Sinhalese, Tamil and English language versions. The training should be given to all key staff, not just the designated "Computer Operators".
- *Use LLDF as partner.* For the training and technical assistance on planning and implementation of other own source revenue projects, the assessment team recommends involving the LLDF. This agency has its own methodology for evaluating local government investment projects and an expert, albeit small professional staff. This component should start with an assessment of potential revenue projects in each

local government and an initial feasibility study of selected projects. The advantage of involving LLDF is that the projects identified would have an opportunity for loan financing.

- *Emphasize TA for sustainability.* Following on the previous recommendation, the assessment team considers that TAF/ICMA should rethink the approach to the mix of training and technical assistance, to emphasize more the latter. The current project gives greater emphasis to training. As we will discuss in more detail below, one viable alternative would be to use a training-of-trainers approach, to develop a small cadre of trainers, perhaps located in the respective Provincial capitals, and who can work closely with the partner local governments.
- *Limited role for SLILG.* The assessment team considered that SLILG would not be an appropriate partner for the training and technical assistance on financial management. This is not a capacity question (although the team did find it difficult to assess SLILG's real capacity to deliver training). Rather, at this juncture, channeling significant support to SLILG would be tantamount to “re-centralizing” inter-governmental relations and contributing to the existing institutional ambiguity. For this reason, as we discuss below, the emphasis should continue to be on working directly with the office of the Provincial C-LGs.

Turning to service delivery, as we mentioned in the background section, the local authorities that we visited mentioned as their most critical service delivery areas water and sewerage, roads, and solid waste management. We recommend that the TAF/ICMA project should focus its efforts on these areas, depending on the local preferences. The prioritization should be linked to the community participation exercises.

- *Coordination with PCs.* The TAF/ICMA project could work closely with the Provincial Councils (again, through the C-LGs). There are possibilities for greater cooperation between provincial governments and local governments—and between urban Councils and Pradeshiya Sabhas—in these areas, particularly in solid waste management, but also road maintenance and water supply.
- *Synergy with other USAID activities.* In solid waste management, the TAF/ICMA project can build on some of the achievements of USAID/India's Regional Urban Environmental Policy and Management Support Project (RUPEONMAN). While this program has focused more on larger cities, RUPEOMAN activities in Sri Lanka have created know how and capacity that TAF/ICMA could leverage.
- *Access to loan financing.* The LLDF provides resources for road construction equipment, water supply and solid waste management projects, as does the upcoming ADB-funded project on small social infrastructure, also to be implemented by the LLDF. The TAF/ICMA project could assist local governments in identifying projects and preparing financing proposals.

5.3 RECOMMENDATIONS ON INTER-GOVERNMENTAL RELATIONS

One of the key findings of the assessment is that the Provincial Councils have not focused on how to strengthen their relations with local authorities; rather the system of inter-governmental relations created in 1987 has remained frozen—without any substantial modifications or innovations. Nor have the local governments acted in concert to establish a permanent dialogue with Provincial authorities. This intermediate or “meso” level of intervention represents a fruitful area for future USAID programming and complements the activities focusing on the micro level local government capacity building through training and technical assistance.

At the same time, working with the Provincial Councils is a strategy for achieving a wider, systemic impact beyond the targeted 34 pilot local governments. The offices of the C-LG in each Province have a strong mission focus, interest and motivation in working to strengthen local governments. However, they lack resources and skills to carry out this mission. Likewise, the Provincial MDTUs are interested in cooperating through the provision of training facilities and trainers.

- *Focus on provinces.* The first recommendation in this direction is to incorporate the Provincial Councils into the TAF/ICMA project. However, given their large size and complexity, we do not recommend a capacity-building program directed at the Provincial administrations. Rather, the focus of the project activities should be on building a more workable structure of inter-governmental relations at this level.
- *Memorandums of Understanding with C-LGs.* Following on this recommendation, we therefore recommend that the project enter into formal agreements with the participating Provincial Councils, to carry out joint activities to strengthen local governments in their respective jurisdictions. These agreements should focus primarily on providing assistance to the office of the Commissioner of Local Government (C-LG) in each Province.
- *Involve MDTUs.* By putting emphasis on the Provincial Councils and the C-LGs, the TAF/ICMA project will reinforce the Constitutionally-mandated role of the Provinces with respect to local government and help to reduce the existing ambiguities in decentralization policies. In this sense, rather than involving SLILG in these activities, we recommend that the TAF/ICMA project should work with the provincial MDTUs to deliver the training. This will help to solidify the role of the C-LG in capacity building.
- *Include Uva Province.* Referring to the section above on selection criteria for additional partner local governments, we recommended that the TAF/ICMA project include two additional local governments from the Uva Province. If our recommendation to work closely with the C-LGs is accepted, then it does not make sense to have a single partner local government in one of the five Provinces; having a larger number will generate greater motivation, engagement and commitment from the participating C-LG.

The focus on the offices of the Commissioners of Local Government in each Province should not be limited to consultation. Rather, the TAF/ICMA project should focus on capacity-building of these offices. Capacity should begin with information for decision-making, capacity for providing technical assistance in key local government functions and capacity to better coordinate and negotiate Provincial policies towards local governments.

- *Strong role for C-LGs.* The first recommendation is to include the C-LGs in the capacity-building component of the TAF/ICMA project. One alternative would be to train one or two trainers in each C-LG (or MDTU) to provide the training/technical assistance to the participating local governments. This would leave a larger pool of local knowledge and capacity, and in this way ensure greater long-term sustainability of the approaches developed by ICMA in financial management and service delivery.
- *Budget system for all LGs in each Province.* While maintaining the focus on the targeted partner local governments, we recommend that the project include one component of benefit for all of the local governments in each participating Province. This component should look to extend the use of the methodology and IT solution for revenue and expenditure budgeting. The additional marginal cost of doing this will be relatively small.
- *Financial indicator database.* Related to the previous recommendation, the IT solution should also provide the C-LGs with the necessary information to maintain a consolidated data base of financial indicators for local governments. This data base can be designed and managed in conjunction with the national Finance Commission, which at present does not have the capacity to collect and process this information. Doing it in this way would generate critically important information for the Provincial governments and to inform the Finance Commission's policy decisions on fiscal transfers.

It is worth discussing in greater detail this issue of information on local government finances. Recently, the national Finance Commission has been concerned about the increased use by local governments of casual employees to supplement the approved cadres. The Finance Commission argues that it is a patron-client mechanism used by local elected officials to reward their political supporters and that it diverts scarce

resources away from investment in infrastructure. Thus, in 2005 it decided to reimburse only a fixed portion of salary expenses for the approved cadres.³⁹ One striking aspect of this recent policy issue was the Finance Commission's complete lack of access to up to date information on local government expenditure budgets or the composition of the employee cadre paid with their own source revenues. Nor were the C-LGs of any help, as they do not collect data on local government budgets.

5.4 RECOMMENDATIONS ON LOCAL GOVERNMENT ASSOCIATIONS AND ADVOCACY

Working at the Provincial level also provides an opportunity for associational and advocacy activities, without venturing into the terrain of national policy-making—which as we have argued above, does not appear to offer any possibilities for significant local government reform initiatives in the short to medium term. By focusing on the nexus between Provincial and local governments, it is possible to promote dialogue and negotiations on a broad range of issues, but staying with “the hand that they were dealt”. The methodology should focus on building a political culture based on regular dialogue between key Provincial and local government policy makers.

- *Policy dialogue between C-LGs and LGs.* The C-LGs very occasionally meet with local government officials en masse. Rather, they prefer to deal with individual local officials. And what little policy dialogue there is at the provincial level, usually happens within the party hierarchies (i.e., between a Provincial Minister or Council Member and a Chair of an Urban Council or a Pradeshiya Sabha from the same party). The TAF/ICMA project should seek a more formal, open discussion of policy issues, through support for regular Provincial policy workshops on local government.
- *Provincial fora.* To get past the political and personal divisions within the national associations, the TAF/ICMA project should promote a provincial forum of elected local government officials, including Chairs and Members. By including Members, there would be much greater political pluralism. In that the local government associations work with Mayors and Chairs, the minority opposition is usually left out. These fora could develop policy proposals for discussion in the workshops discussed above.
- *Focus on coordination/cooperation.* The policy dialogue at the provincial level should focus on ways of improving policy coordination between the Province and the local governments, and between local governments. The discussions should be oriented towards identifying specific opportunities for cooperation. This would mark a difference with the usual style of policy dialogue in Sri Lanka, in which local governments present an extensive “wish list” of initiatives, often combining issues that require either Constitutional reform or major legislation with issues that could be resolved through modification of administrative regulations or “custom and practice”.

What this means, at bottom, is that the TAF/ICMA project should not expend significant time and effort to capacity building of the national local government associations to carry out advocacy. At this moment the local government policy arena is far too polarized for this to be a winning strategy. Rather, as we explained above, the emphasis should be on promoting policy dialogue for problem solving in provincial-local government relations. Of course, if there were to be a substantial political shift after the 2006 local elections, resulting in a more balanced party control over local governments, it might be possible to engage the associations.

Finally, if the intent of the project is to generate replicable models and best practices for local government management and good governance, then it should also have channels for communicating and disseminating these practices.

³⁹ The policy was to reimburse 60% of salaries for Municipal Councils, 70% for Urban Councils and 80% for Pradeshiya Sabhas.

- *National newsletter on local governance.* The TAF/ICMA project should maintain a national newsletter that focuses on innovations in local government, whether in management, service delivery or approaches for strengthening governance through citizen participation and consultation. A quarterly newsletter of this nature could be out-sourced easily at a low cost, and would be a vehicle for achieving a wider impact beyond the 34 pilot local governments.

5.5 RECOMMENDATIONS ON STRENGTHENING CITIZEN PARTICIPATION IN LOCAL GOVERNMENT

Clearly, TAF/ICMA's technical assistance can be used to help local government officials make more effective use of existing structures, such as committees and Public Days, as well as the distribution of customer satisfaction surveys in order to improve services. However, in addition to improvement in constituency services, TAF/ICMA needs to change from a supply-driven approach and instead focus on creating better relationships between citizens and local government that foster an on-going dialogue and consultative decision-making.

Though still in a nascent stage, TAF/ICMA's citizen participation component is focused on connecting local government officials and citizens only at the most basic level, usually through one-off events that provide for consultations on an annual or semi-annual basis. While even limited attempts by local government officials to solicit citizen input are important steps forward, this approach ignores the simultaneous need to create citizen demand for more accountable government. Without an educated constituency capable of independently examining and tracking a budget and providing oversight on decision-making, local officials will continue to perpetuate the knowledge imbalance between politicians and citizens.

In fact, as we discussed above, with the additional funding proposed by USAID Sri Lanka, the TAF/ICMA project has an opportunity for trying out a wider range of strategies for strengthening democratic governance. These strategies can focus on both the "supply" and the "demand" for better government.

- *Provide training in constituent service techniques.* Local government officials need to develop systems that allow regular reporting on the resolution of citizen concerns. By employing caseload management and complaint resolution tools, Public Day can become an effective use of time and resources. In addition, the ability to appropriately address citizen complaints will foster stronger ties with the community and increase legitimacy in the institution of local government.
- *Develop a Citizen's Rights manual.* This manual should be a practical guide that describes the structure and responsibilities of local, provincial and national levels of government, provides advice on how citizens can access basic services, and instill a sense of civic responsibility. A public awareness campaign and media launch should accompany the manual, which should be widely distributed throughout Sri Lanka.

The TAF/ICMA project has already initiated activities to promote community consultation and participation, using ICMA's "Technologies of Participation". One question that arises is whether this also ought to be focused on improving the legally-mandated committee structure within the Pradeshiya Sabhas? Does it make sense to promote ad hoc mechanism for community participation without first exploring the potential of existing mechanisms? Again, we refer to Section 12 of the PS Act, which provides for the creation of committees made up "partly of Members of the Sabha and partly of other inhabitants of the Pradeshiya Sabha area", and "for the purpose of advising the Sabha with reference to any of its powers, duties or functions".

- *Promotion of citizen participation in the PS committees.* The Pradeshiya Sabhas Act provides for citizen participation in four mandatory committees, but also allows for creation of additional committees. We recommend that TAF/ICMA make an effort to work with partner local governments in making this provision effective. In fact, it might be made one of the conditions for partnership with the TAF/ICMA project.

- *Formation of free standing citizens committees.* The participation of citizens in the legally mandated PS committees may not be sufficient, or cooperation from local governments to expand and strengthen the formal committees may not be forthcoming. This would require an alternative strategy. TAF/ICMA should assist citizens demonstrating an interest in the workings of local government to form freestanding committees that will examine and analyze policy issues and propose alternatives.

One area in which the TAF/ICMA project could be strengthened considerably is in promoting transparency and accountability of local governments. In addition to promoting good democratic practices, transparency within public budgets, from planning to execution to monitoring, ensures that the community, rather than special interests, remains the primary beneficiary. At the same time, many local governments may pay widely different rates for the same goods and services (such as solid waste removal). By revealing budget information, local governments will minimize waste and misallocation, making better use of their limited resources, which will result in improved standards of living for their community.

- *Financial and technical support for citizen groups or committees engaged in budget monitoring.* There is definitely one area of citizen involvement that would have to be outside of the formal committee structure of the PS or UC. As part of the budget consultation process, citizens groups should be trained in conducting budget reviews, social audits, tracking indicators/benchmarks, and other oversight processes. Citizen involvement will reinforce transparent budgetary rules and regulations, promote public access to budgetary information and encourage citizen participation in local decision making.

Finally, the work with citizens groups should include learning, networking and dissemination activities at provincial and national levels.

- *Learning materials for community participation in PS committees.* In addition to the manual of citizens' rights and materials on budgeting, the project should develop written guidelines and resource materials for the functioning of the PS committees. These guidelines should be process oriented, aimed at promoting participation of minority, youth, and women, and providing methodologies for the practical work of the committees, including how to carry out broader community consultations.
- *Networking of community activists.* The work with community activists should include a component of networking to allow learning and leadership development among activists from different local governments. This could be done both at the provincial and national levels. Some of the learning materials discussed here could be developed and refined through provincial and national workshops.
- *Dissemination to other local governments and community organizations.* While maintaining a focus on the 35 pilot local authorities, the TAF/ICMA project should build on these pilot activities and disseminate lessons and best practices to other local governments and community groups around the country. This could be done through workshops carried out in conjunction with Sri Lankan NGOs with a presence throughout other regions of the country, and through a regular newsletter (we discussed the newsletter above in the recommendations on advocacy activities).

5.6 RECOMMENDATIONS ON WOMEN'S PARTICIPATION.

Again, although it is still in its formative stages, TAF/ICMA's programming to encourage women's political participation remains confined to providing training to female candidates for the upcoming local government elections. This approach is too limited as it relies on political parties' goodwill to promote women, an approach that has failed in the past. For decades, political parties have been dominated by family dynasties, entrenched cronyism and patron client relations. None have strong internal democratic practices. Currently, no associations exist with the exclusive purpose of supporting or encouraging women to compete for political office or bureaucratic service.

In addition to working with political parties to push for greater female representation at election time, TAF/ICMA should provide leadership training for current female officeholders, including Local Government Commissioners. Additionally, support should be given to help civil society develop a more cohesive response for reforms that will solve the crisis of women's under-representation. Specific recommendations are as follows.

- *Leadership training for all current female local government officials.* With such a small number of all female local officials—well under 100—TAF/ICMA should assess their training needs and develop a targeted leadership, decision-making, fiscal, and policy analysis training program. TAF/ICMA's aim should be to create a cadre of female leaders who will also serve as role models. This activity could include visits to other countries in the region to foster information exchange and mentorship possibilities.
- *Gender awareness training for local government officials in pilot areas.* As noted by the team, few male councilors expressed any real concern with the lack of female representation, though many concurred that there was a problem when the issue was raised, and fewer still have been motivated to affect any change to the status quo. Additionally, many Sri Lankan women have internalized the negative stereotypes and cultural prohibitions that have cut off all but the most elite women from political power. In order to create allies in the fight for gender equality, TAF/ICMA should train both male and female elected officials to understand the importance of gender rights, combat stereotypes, and jointly argue for women's rightful place at the decision-making table.
- *Support the creation of a National Women's Political Caucus or Association.* In addition to the few locally elected officials, a select number of women serve in high-ranking positions as bureaucrats and politicians. Few of these ultra-elite view the expansion of women's rights as part of their mandate, an attitude which is reinforced by the nepotistic/dynastic aspects of Sri Lankan politics. TAF/ICMA can help harness this latent power by bringing together women who are former and current politicians, candidates, academics, appointed officials (provincial), and political party representatives and assisting their work in policy reforms that increase women's political participation.

In designing the caucus' training and technical assistance program, TAF/ICMA should move beyond mere consciousness raising to providing members with practical tools such as lobbying, advocacy, media, and public outreach skills. Additionally, TAF/ICMA should assist the caucus in developing strategic plans and interventions, particularly in promoting legislation focused on key political reforms (electoral quotas, pay equity, gender discrimination), that will increase women's presence and effectiveness at all levels of governing.

- *Outreach to women's rights Community-based Organizations for all local planning training/ consultations.* Many CBOs/Civil Society Organizations (CSOs) working at the local level serving people's daily needs are dominated by women. As these groups are providing a public service without public funds, they should be involved in the local government decision-making apparatus regardless of the gender equity aspects. Integration of these CBOs' input into any local government planning activities will ensure that gender concerns become streamlined into the political consultation process.
- *Gender audits.* Mere participation by women is not enough to ensure that gender issues have been included in the local government's consultation and decision-making processes. On an annual basis, TAF/ICMA should assist partner local governments in conducting a "gender audit" to ensure that women's participation - often the first step in true poverty reduction -- is meaningful.

5.7 RECOMMENDATIONS ON POST-TSUNAMI RECOVERY AND REBUILDING.

Our assessment of the role of local governments in post-tsunami recovery and rebuilding programs was not encouraging. In the current political context, is not reasonable to expect that local governments will be given an important function in implementing programs and projects. Nevertheless, there is considerable scope for strengthening the participation of local governments and citizens in planning and oversight.

While TAF/ICMA has initiated activities in the citizen participation component of the project, our impression is that it has not yet developed a strategic approach or plan for working in tsunami affected areas. The brief reference to a “post-tsunami empowerment program” in TAF reports focuses on building “responsible advocacy skills”, which would promote participation while showing citizens alternatives to more confrontational approaches. Given the heightened political sensitivities around post-tsunami recovery and rebuilding policies, the assessment team considers that the TAF/ICMA project requires a more comprehensive approach if it is to have an impact.

One of the first considerations has to do with financial resources. Given the high expectations of donor resources for recovery and rebuilding, it might be difficult for the TAF/ICMA project to make headway in this area without minimal funds for local and community projects. Local authorities in the Southern Province were quite adamant on this point—engaging and committing local officials and community leaders in dialogue and consultation on local priorities for recovery and rebuilding is very difficult at this moment if the outcome of the process is not a concrete project with a minimal degree of external funding.

- *Link local government-community consultation and participation to project funding.* While the assessment team is aware that the additional funding for the TAF/ICMA project does not contemplate a small grants fund, we recommend that USAID reconsider this policy, or make arrangements to link the TAF/ICMA project with other post-tsunami activities, in particular the USAID/Office of Transition Initiatives (OTI) program, which is providing small grants for community impact projects and livelihoods programs.

As we discussed above, the TAF/ICMA project has already initiated activities to promote community consultation and participation, using ICMA’s Technologies of Participation. If the intent is to lead a transformation of how local politics and decision-making is done, then it is not particularly useful to convene “one off” exercises with community activists and leaders. Rather, the focus has to be on involving both elected local officials, as legitimate representatives of their communities, and on promoting inclusive mechanisms for consultation and participation. By combining these approaches, there is a better chance of sustaining changes over time.

- *Support permanent consultation mechanisms.* In a context where local civil society is weak, again an alternative is to link this activity to the formal committee structures of the PS. As in other regions of the country, in the tsunami affected areas, this approach should also be formalized through the creation of PS committees with strong citizen participation, to oversee the activities of donor agencies and central government. Given the political issues involved, this committee should be led by the Chair of the PS.
- *Carry out broad community consultations.* The PS committees are usually fairly small, but they can be used to convene larger, more inclusive community consultation exercises, again using ICMA’s Technologies of Participation. They should focus on identification of community priorities and problem-solving.

The most important constraints in this area are political. The national government is concerned about the potential for conflict in communities in tsunami affected areas. At the same time, as discussed above, for political reasons it has excluded local governments from substantive participation in decision-making. For their part, local elected officials, too, have to be very cautious in mobilizing communities. Existing ethnic tensions and frustration with the slowness of recovery and rebuilding make community participation and consultation more difficult. Nevertheless, if local leaders are able to build on the community participation and consultation exercises recommended here, they will have greater legitimacy in putting forward their proposals.

- *Promote a regional network of elected local officials and community leaders to review post-tsunami recovery.* TAF/ICMA could convene Chairs and Members and the community leaders who participate in the respective PS committees) to regional workshops to review central government and donor progress, identify common issues and make proposals to implementing agencies.

Combining these three initiatives—formal PS committees, broad community consultation exercises and a regional network of elected officials and community activists focusing on common issues and solutions—

should make for a much stronger and sustainable approach to improving governance in post-tsunami recovery and rebuilding. At the same time, it has a better chance of avoiding the high political risks mentioned here.

6.0 CONCLUSIONS

Overall, the Assessment Team considers that while the technical approach of the current DLG project is appropriate for the Sri Lanka context, the additional funding from USAID is an opportunity to design a more comprehensive and integrated set of activities. In particular, we recommend broadening the focus to address issues of inter-governmental relations, and including the Provincial Commissioners of Local Government, thus increasing the overall impact and the sustainability of DLG's innovations and the improvements in local government management and governance.

With respect to the post-tsunami recovery and rebuilding, DLG project activities should take into consideration political constraints. Thus, the focus should be on strengthening the representative functions of local governments vis-à-vis the needs of the communities that they represent, rather than pressing for increasing their authority in program and project implementation.

APPENDIX I. INTERVIEWS

Abeywardene, H.	Sevalanka Foundation
Abeywardene, M.K.D.	Divisional Secretary, Tangalle
Arif, M.I. M.	Mayor, Galle Municipal Council
Ariyathilika, U.G.D.	Minister, Southern Provincial Council
Bandara, H.M.S.	Member, Anamaduwa Pradeshiya Sabha
Calavan, M.	Senior Consultant, The Asia Foundation (interim Chief of Party)
Craig, J.	ICMA Sri Lanka
Deshmukh, I.	Team Leader, Protected Area Management and Wildlife Conservation Project, GOSL/ADB
Dharmasiri, K.V.	Director General, GOSL, Urban Development Authority
Dias, B.K.L	Mayor, Anuradhapura Municipal Council
Dissanayke, B.P.	Chief Minister, North Central Province
Fernando, N.K.	Representative, The Asia Foundation, Sri Lanka
Fernando, W.E. M.	Deputy Chairman, Chilaw Urban Council
Gajanayke, J.	Project Director, SLIDA/Northern Illinois University
Gamini, D.A.	Chairman, Hambantota Urban Council
Ganesarajah, R.	Advisor, Capacity Development and Governance, United Nations Development Program, Sri Lanka
Godigamuwa, C.	Chairman, Kurunegala Pradeshiya Sabha and Chair of All Ceylon Pradeshiya Sabha Chairmen's Association.
Gunadasa, K.G. G.	Chairman, Alawwa Pradeshiya Sabha
Gunawardene, A.	Chairman, GOSL, National Finance Commission
Hansen, J.	Country Director, International Alert
Harrold, P.	Country Representative, World Bank
Herath, C.	Director, GOSL, Sri Lanka Institute of Local Governance
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